

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Department of Education
DIVISION Public School Finance
DIVISION DIRECTOR Patricia Martin
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INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire & financial impact statement attached to the front of two (2) copies of your proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Subcommittee on Administrative Rules and Regulations
Arkansas Legislative Council
Bureau of Legislative Research
Room 315, State Capitol
Little Rock, AR 72201

- 1. What is the short title of this rule? **Rules Governing the Development of a Uniform Budget and Accounting System**
- 2. What is the subject of the proposed rule? **The process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.**
- 3. Is this rule required to comply with federal statute or regulations? Yes _____ No X _____
If yes, please provide the federal regulation and/or statute citation.
- 4. Was this rule filed under the emergency provisions of the Administrative Procedures Act?
Yes _____ No X _____
If yes, what is the effective date of the emergency rule?

When does the emergency rule expire?

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes _____ No X _____

5. Is this a new rule? Yes X No _____ If yes, please provide a brief summary explaining the regulation. Rules to set forth the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.

Does this repeal an existing rule? Yes _____ No X If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes _____ No X If yes, please attach a markup showing the changes in the existing rule and a summary of the substantive changes. **NOTE: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law grants the authority for this proposed rule. If codified, please give Arkansas Code citation. A.C.A. §6-11-105, §6-20-2203 and Act 61 of the Second Extraordinary Session of 2003
7. What is the purpose of this proposed rule? Why is it necessary? **The purpose of these rules is to set forth the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.**
8. Will a public hearing be held on this proposed rule? Yes X No _____
If yes, please complete the following:
- Date: **May 13, 2004**
Time: **10 AM to 12 Noon**
Place: **ADE Auditorium, #4 Capitol Mall, Little Rock, AR**
9. When does the public comment period expire for permanent promulgation? (Must provide a date.) **May 13, 2004**
10. What is the proposed effective date of this proposed rule? (Must provide a date.) **July 1, 2004**
11. Do you expect this rule to be controversial? Yes _____ No X
If yes, please explain.

12. Please give the names of persons, groups, or organizations that you expect to comment on these rules. Please provide their position (for or against) if known.
- Arkansas Association of Educational Administrators
 - Arkansas School Boards Association
 - Arkansas Association of School Business Officials
 - Arkansas Education Association
 - Arkansas Education Service Cooperatives

SUMMARY

This Rule sets the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives. The Department will work in conjunction with members of the Arkansas Association of Educational Administrators, Arkansas Association of School Business Officials, Arkansas Education Association, Arkansas Association of School Business Officials, and Arkansas Education Service Cooperatives to develop these standards. The Standards will include the specific categories required by Act 61 of the Second Extraordinary Session of 2003.

FINANCIAL IMPACT STATEMENT

DEPARTMENT of Education
DIVISION Public School Finance
PERSON COMPLETING THIS STATEMENT Patricia Martin
TELEPHONE NO. 682-5124 FAX NO. 682-9035 EMAIL pmartin@arkedu.k12.ar.us

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE **Rules Governing the Development of a Uniform Budget and Accounting System**

1. Does this proposed, amended, or repealed rule or regulation have a financial impact? Yes No x
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. Please indicate if the cost provided is the cost of the program.

Current Fiscal Year

General Revenue
Federal Funds
Cash Funds
Special Revenue
Other (Identify)

Total

Next Fiscal Year

General Revenue
Federal Funds
Cash Funds
Special Revenue
Other (Identify)

Total

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation? Identify the party subject to the proposed regulation and explain how they are affected.

Current Fiscal Year

\$

Next Fiscal Year

\$

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

Current Fiscal Year

\$

Next Fiscal Year

\$

DEPARTMENT OF EDUCATION
FISCAL IMPACT STATEMENT OF PROPOSED REGULATION
(In compliance with Acts 884 and 1253 of 1995)

Regulation Title: **Rules Governing the Development of a Uniform Budget and Accounting System.**

Summary Description of Regulatory Proposal: **This Rule sets the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.**

Cite Statutory Authority for this Regulatory Proposal:

A.C.A. §6-20-2203 and Act 61 of the Second Extraordinary Session of 2003

- I. Fiscal Impact on the Department: (include whether impacts are non-recurring or recurring) **non-recurring after implementation.**
 - a. **Costs \$5,000**
 - A. Resources Required - Personnel, equipment, office space.
 - a. **4 employees working part time to organize, research, publish, and to write computer programs.**
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- II. Fiscal Impact on Local School District or Others? (Include whether impacts are non-recurring or recurring)
 - A. Resources Required - Personnel, equipment, office space.
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- III. Additional Comments.

Prepared by: (Name) Patricia Martin
 (Title) Assistant Director
 (Date) April 8, 2004

**Arkansas Department of Education
Proposed Rules Governing the Development of a
Uniform Budget and Accounting System**

1.00 Regulatory Authority

- 1.01 These rules shall be known as the Arkansas Department of Education Rules Governing the Development of a Uniform Budget and Accounting System.
- 1.02 These rules are enacted pursuant to the Arkansas State Board of Education's authority under A.C.A. §6-11-105, §6-20-2203 and Act 61 of the Second Extraordinary Session of 2003.

2.00 Purpose

- 2.01 The purpose of these rules is to set forth the process and procedures for establishing and implementing a uniform budget and accounting system for all public school districts and education service cooperatives.

3.00 Definitions

For purposes of this rule, the following terms shall mean:

- 3.01 Arkansas Financial Handbook – The Arkansas Department of Education's Financial Accounting Manual of the chart of accounts and financial codes for Arkansas public schools and educational cooperatives.
- 3.02 Arkansas Revisions – The Arkansas financial accounting system developed in compliance with the United States Department of Education, Office of Educational Research and Improvement's Financial Accounting: Classification and Standard Terminology for Local and State School Systems.
- 3.03 Federal Handbook IIR² - the United States Department of Education, Office of Educational Research and Improvement's Financial Accounting: Classification and Standard Terminology for Local and State School Systems.
- 3.04 Handbook IIR² – is the vernacular of the Arkansas Financial Handbook.

- 3.05 Valid Comparisons – comparisons deemed to be relevant to the subject material in substance and scope.
- 3.06 Uniform Budget and Accounting System – a financial chart of accounts consistent with Handbook IIR² and required state and federal reporting for all public school districts, educational cooperatives, and open enrollment charter schools.

4.00 Process and Procedures for Establishing and Implementing a Uniform Budget and Accounting System

- 4.01 The Department shall establish a review committee in cooperation with representatives of the Arkansas Association of School Administrators, the Arkansas School Business Officials, the Arkansas Education Association, the education service cooperatives, and the Legislative Joint Auditing Committee.
- 4.02 The review Committee shall establish criteria for evaluating the categories and expenditures identified in Section 5.03 of this Rule.
- 4.03 The Review Committee shall make recommendations on a financial handbook for educational cooperatives that outlines appropriate format and codes for expenditures specific to educational cooperatives.
- 4.04 The Review Committee shall make recommendations on the development of an annual expenditures report to be submitted to the State Board of Education, the Governor, and Senate and House Interim Committee on Education concerning school and district expenditures as required by law.
- 4.05 By December 31, 2004 the Review Committee will submit to the State Board a timeline for implementation of a Uniform Budget and Accounting System.
- 4.06 The Review Committee shall ensure all recommendations comply with the requirements of this Rule.

5.00 Uniform Budget and Accounting System

- 5.01 The State Board of Education shall adopt the uniform budget and accounting system.
- 5.02 The definitions contained in the Federal Handbook IIR² shall be used for districts and cooperatives so that valid comparisons can be made.

5.03 The State Board of Education shall adopt by rule the “Arkansas Revisions” to the Federal Handbook IIR².

5.03.1 These rules shall be developed in cooperation with Arkansas Association of School Administrators, Arkansas Association of School Business Officials, Arkansas Education Association, and Legislative Audit.

5.03.2 Arkansas Revisions shall include:

- (1) Categories to allow reports on separate functions and programs.
- (2) Categories of expenditures that each district shall report on for its annual school performance report.
- (3) Expenditures shall include total expenditures, instructional, administrative, extracurricular, capitol and debt service expenditures.
- (4) Categories of both school and district expenditures on separate functions and programs.
- (5) Categories of expenditures that each educational cooperative shall report on its required annual report.

5.04 A financial handbook shall be developed by the State Board of Education for educational cooperatives that outlines appropriate format and codes for expenditures for educational cooperatives.

5.05 The Department of Education shall have the authority to analyze and inspect the financial records of any school, school district, or educational cooperative to verify expenditures.

5.06 By November 1 of each year, the Department shall submit a report to the State Board of Education, the Governor, and Senate and House Interim Committee on Education concerning school and district expenditures as required by law.

5.07 All rules and revisions shall be adopted and published prior to the start of the fiscal year for which they are applicable.